

105TH CONGRESS
1ST SESSION

H. R. 1307

To amend the Higher Education Act of 1965 to prohibit an institution that is ineligible for participation in the Federal Stafford Loan program because of high default rates from participating in the Pell Grant program.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 1997

Mrs. ROUKEMA (for herself and Mr. GORDON) introduced the following bill;
which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to prohibit an institution that is ineligible for participation in the Federal Stafford Loan program because of high default rates from participating in the Pell Grant program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PELL GRANT INSTITUTIONAL INELIGIBILITY**
4 **BASED ON DEFAULT RATE DETERMINATIONS.**

5 Section 401 of the Higher Education Act of 1965 (20
6 U.S.C. 1070a) is amended by adding at the end the follow-
7 ing new subsection:

1 “(j) INSTITUTIONAL INELIGIBILITY BASED ON DE-
2 FAULT RATES.—

3 “(1) IN GENERAL.—No institution of higher
4 education shall be an eligible institution for purposes
5 of this section if such institution of higher education
6 is ineligible to participate in a loan program under
7 this title as a result of a final default rate deter-
8 mination made by the Secretary under part B or D
9 of this title, or both, and issued by the Secretary.

10 “(2) EXCEPTION.—Paragraph (1) shall not
11 apply to an institution that—

12 “(A) was not participating in the loan pro-
13 gram under part B or D of this title on such
14 date (or would not have been participating on
15 such date but for the pendency of an appeal of
16 a default rate determination issued prior to
17 such date), unless the institution subsequently
18 participates in either such loan program; or

19 “(B) has a participation rate index (as de-
20 fined at 34 CFR 668.17) that is less than or
21 equal to 0.0375.

22 “(3) SANCTIONS SUBJECT TO APPEAL OPPOR-
23 TUNITY.—No institution may be subject to the
24 terms of this subsection unless it has had the oppor-
25 tunity to appeal its default rate determination under

1 regulations issued by the Secretary for the Federal
2 Family Education Loan or Federal Direct Loan
3 Program, as applicable.”.

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